

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

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E.O. 11652: N/A

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SUBJECT: MEETING BETWEEN AMBASSADOR WOLFF AND JAPANESE FARM
REPRESENTATIVES

1. ON DECEMBER 29, AMBASSADOR WOLFF MET WITH A 14-MEM-
BER DELEGATION OF JAPANESE FARM REPRESENTATIVES TO HEAR
THEIR APPEALS FOR MODERATION ON THE PART OF THE USG IN
REQUESTING THE LIBERALIZATION OF THE QUANTITATIVE RESTRIC-
TIONS ON AGRICULTURAL PRODUCTS, ESPECIALLY BEEF AND CITRUS.

2. MR. SABURO FUJITA, PRESIDENT OF THE CENTRAL UNION OF
AGRICULTURAL COOPERATIVES, WAS THE PRIMARY SPOKESMAN FOR
THE GROUP. HIS PRESENTATION COVERED TWO GENERAL AREAS:
THE INABILITY OF JAPANESE FARMERS TO UNDERSTAND WHY THE
AGRICULTURAL SECTOR IS BEING CALLED UPON TO MAKE ADJUST-
MENTS FOR WHAT IS ESSENTIALLY A PROBLEM IN THE INDUSTRIAL
SECTOR AND THE CHARACTERISTICS OF JAPANESE AGRICULTURE,
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ESPECIALLY THE BEEF AND CITRUS INDUSTRIES, THAT MAKE QUOTA
LIBERALIZATION VERY DIFFICULT.

3. WITH RESPECT TO THE LATTER, FUJITA ARGUED THAT THE
IMBALANCE IN U.S.-JAPAN TRADE IS DUE ENTIRELY TO JAPANESE
EXPORTS OF INDUSTRIAL AND MANUFACTURED PRODUCTS. HE

POINTED OUT THAT AGRICULTURAL, FISHERY, AND FORESTRY PRODUCTS ONLY CONSTITUTED 2.1 PERCENT OF TOTAL JAPANESE EXPORTS TO THE U.S. IN 1976. FURTHERMORE, WHILE JAPAN EXPERIENCED A \$3.880 BILLION OVERALL BALANCE OF TRADE SURPLUS WITH THE U.S. IN 1976, ITS AGRICULTURAL, FISHERY, AND FORESTRY TRADE WITH THE U.S. WAS \$5.202 BILLION IN DEFICIT. HE EMPHASIZED THAT JAPAN PURCHASES ABOUT 9 MILLION TONS OF GRAINS AND SOYBEANS FROM THE U.S. ANNUALLY TO SUPPORT ITS DOMESTIC LIVESTOCK INDUSTRY AND INTENDS TO REMAIN RELIANT ON THE U.S. FOR THESE PRODUCTS.

4. MR. FUJITA THEN DESCRIBED THE SPECIAL CHARACTERISTICS OF JAPANESE AGRICULTURE THAT MAKE LIBERALIZATION DIFFICULT. HE COMMENTED, IN GENERAL, ON THE SMALL SCALE OF JAPANESE FARMS AND ON THE LARGE PROPORTION OF JAPAN'S POPULATION THAT RELIES ON FARMING AS A MAJOR SOURCE OF INCOME. ON BEEF, HE SAID THAT JAPAN IMPORTS 26 OF ITS DOMESTIC PRODUCTION, COMPARED TO U.S. BEEF IMPORTS OF 7 PERCENT OF PRODUCTION. FUJITA ALSO INDICATED THAT THE PRESENT IS INOPPORTUNE FOR THE EXPANSION OF QUOTAS ON BEEF BECAUSE JAPANESE RICE PRODUCERS WILL BE CONVERTING TO LIVESTOCK PRODUCTION DUE TO CURRENT EXCESSIVE CAPACITY DEVOTED TO RICE.

5. ON CITRUS, FUJITA, IKEDA, AND OTHERS ARGUED AGAINST LIBERALIZATION BECAUSE:
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(1) JAPAN'S ORANGE PRODUCTION CURRENTLY EXCEEDS DEMAND AND PRICES ARE 30 PERCENT BELOW THE COST OF PRODUCTION.

(2) WITH THE LATEST PRESERVATION TECHNIQUES, ORANGES COULD BE IMPORTED DURING THE OFF-SEASON AND MARKETING IN DECEMBER AND JANUARY, THE PEAK OF THE MIKAN SEASON.

(3) DOMESTIC PRODUCERS ARE NOW IMPLEMENTING NEW TECHNIQUES TO EXTEND THE MIKAN SEASON INTO THE SUMMER MONTHS.

(4) SOFT DRINKS HAVE DISPLACED JAPANESE CONSUMPTION OF ORANGE JUICE.

6. THE MEETING CONCLUDED WITH FUJITA INTIMATING THAT LIBERALIZATION IN BEEF AND CITRUS WOULD RESULT IN SIGNIFICANT POLITICAL UNREST IN JAPAN'S RURAL SECTOR AND A WEAKENING OF FARM SUPPORT FOR THE LDP. VANCE

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